

Sectional Title Insurance Policy

For Bodies Corporate under Section 37(1) of the Sectional Titles Act No 95 of 1986

Underwritten by
Absa Insurance Company Limited, Reg No 1992/001737/06

PREAMBLE

Subject to the terms, exceptions and conditions (precedent or otherwise) and in consideration of, and conditional upon, the prior payment of the premium by or on behalf of the Insured and receipt thereof by or on behalf of Absa Insurance Company, Absa Insurance Company agrees to indemnify or compensate the Insured by payment or, at its option, by replacement, reinstatement or repair in respect of the defined events occurring during the period of insurance and as otherwise provided under the sections below up to the sums insured, limits of indemnity, compensation and other amounts specified.

Specific exceptions, conditions and provisions shall override general exceptions, conditions and provisions.

GENERAL EXCEPTIONS

1 War, riot and terrorism,

(A) This policy does not cover loss of or damage to property related to or caused by:

- (i) civil commotion, labour disturbances, riot, strike, lockout or public disorder or any act or activity which is calculated or directed to bring about any of the above;
- (ii) war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not) or civil war;
- (iii) (a) mutiny, military rising, military or usurped power, martial law or state of siege, or any other event or cause which determines the proclamation or maintenance of martial law or state of siege;
(b) insurrection, rebellion or revolution.
- (iv) any act (whether on behalf of any organisation, body or person or group of persons) calculated or directed to overthrow or influence any State or Government or any Provincial, local or tribal authority with force or by means of fear, terrorism or violence;
- (v) any act which is calculated or directed to bring about loss or damage in order to further any political aim, objective or cause or to bring about any social or economic change or in protest against any State or Government or any Provincial, local or tribal authority or for the purpose of inspiring fear in the public or any section thereof;
- (vi) any attempt to perform any act referred to in clause (iv) or (v) above;
- (vii) the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any occurrence referred to in clause (i), (ii), (iii), (iv), (v) or (vi) above.

If Absa Insurance Company alleges that by reason of clause (i), (ii), (iii), (iv), (v), (vi) or (vii) of this Exclusion, loss or damage is not covered by this insurance, the burden of proving the contrary shall rest on the Insured.

(B) This policy does not cover loss or damage caused directly or indirectly by or through or in consequence of any occurrence for which a fund has been established in terms of the War Damage Insurance and Compensation Act, 1976 (No 85 of 1976) or any similar Act operative in any territories to which this policy applies:

(C) Notwithstanding any provision of this policy including any exclusion or extension or other provision not included herein which would otherwise override a General Exception, this policy does not cover loss of or damage to property or expense of whatsoever nature directly or indirectly caused by, arising out of or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any sequence to the loss, damage or expense.

For the purpose of this General Exception 1(C) an act of terrorism includes, without limitation, the use of violence or force or the threat thereof whether as an act harmful to human life or not, by any person or group of persons, whether acting alone or on behalf of or in connection with any organisation or government or any other person or body of persons, committed for political, religious, personal or ideological reasons or purposes including any act committed with the intention to influence any government or for the purpose of inspiring fear in the public or any section thereof.

If Absa Insurance Company alleges that, by reason of this General Exception 1(C), loss or damage is not covered by this policy, the burden of proving the contrary shall rest on the Insured.

2 Nuclear

This policy does not cover

- (a) loss or destruction or damage to any property whatsoever or any loss or expense whatsoever resulting from or arising from any consequential loss
- (b) any legal liability of whatsoever nature

directly or indirectly caused by or contributed to by or arising from ionising radiations or contamination by radio-activity from any nuclear fuel or from any nuclear waste from the combustion or use of nuclear fuel, nuclear material, nuclear fission or fusion, nuclear radiation, nuclear explosives or any nuclear weapon, nuclear waste in whatever form regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this exception only, combustion shall include any self-sustaining process of nuclear fission.

GENERAL CONDITIONS

Subject to the provisions of Section 55 of The Short-term Insurance Act No 53 of 1998 (as amended)

1 Misrepresentation, misdescription and non-disclosure

Misrepresentation, misdescription or non-disclosure in any material fact shall render voidable only the item or section of this policy, affected by such misrepresentation, misdescription or non-disclosure.

2 Other insurance

If, at the time of any event giving rise to a claim under this policy, insurance exists with any other insurers covering the Insured against the defined events, Absa Insurance Company shall be liable to make good only a rateable proportion of the amount payable to the Insured in respect of such event. If any such other insurance is subject to any condition of average, this policy, if not already subject to any condition of average, shall be subject to average in like manner.

3 (A) Cancellation

This policy may be cancelled at any time by Absa Insurance Company giving 30 days' notice in writing (or such period as may be mutually agreed) or by the Insured giving immediate notice. On cancellation by the Insured, Absa Insurance Company shall be entitled to retain the customary short period or minimum premium for the period the policy has been in force. On cancellation by Absa Insurance Company, the Insured shall be entitled to claim a pro rata proportion of the premium for the remainder of the period of insurance from the date of cancellation.

(B) Continuation of cover (where premium is payable by bank debit order or by transmission account)

The premium is due in advance and, if it is not received by Absa Insurance Company by due date, this policy shall be deemed to have been cancelled at midnight on the last day of the preceding period of insurance unless the Insured can show that failure to make payment was an error on the part of his/her bank or other paying agent.

The due date will be the first day of every calendar month where premium is payable monthly or the first day of the first calendar month or inception date of the policy where premium is payable annually.

4 Prevention of loss

The Insured shall take all reasonable steps and precautions to prevent accidents or losses.

5 Claims

(a) On the happening of any event which may result in a claim under this policy, the Insured shall, at their expense

- (i) give notice to Absa Insurance Company within 30 days with full details in writing of any claim and provide details of any other insurance covering such events.
- (ii) as soon as practicable after the event inform the police of any claim involving theft of loss of property and take all practicable steps to discover the guilty party and to recover the stolen or lost property.
- (iii) give Absa Insurance Company such proof, information and sworn declaration as Absa Insurance Company may require and forward to Absa Insurance Company immediately any notice of claim or any communication, writ, summons or other legal process issued or commenced against the Insured in connection with the event giving rise to the claim.

(b) No claim shall be payable after 24 months or such further time as Absa Insurance Company may allow from the happening of any event unless the claim is the subject of pending legal action or is a claim in respect of the Insured's legal liability to a third party.

(c) No claim shall be payable unless the Insured serves legal process on Absa Insurance Company within 6 months after the rejection of the claim in writing and pursues such proceedings to finality.

(d) If, after payment of a claim in terms of this policy in respect of lost or stolen property, the property (the subject of matter of the claim) is located, the Insured shall render all assistance in the identification and physical recovery of such property if called on to do so by Absa Insurance Company, provided that the Insured's reasonable expenses in rendering such assistance shall be reimbursed by Absa Insurance Company. Should the Insured fail to render assistance in terms of this condition when called upon to do so, the Insured shall immediately become liable to repay to Absa Insurance Company all amounts paid in respect of the claim.

6 Company's rights after an event

(a) On the happening of any event in respect of which a claim is or may be made under this policy, Absa Insurance Company and every person authorised by them may, without thereby incurring any liability and without diminishing the right of Absa Insurance Company to rely upon any conditions of this policy,

- (i) take, enter or keep possession of any damaged property and deal with it in any reasonable manner. The Insured shall not be entitled to abandon the any property to Absa Insurance Company at any time.
- (ii) take over and conduct in the name of the Insured the defence or settlement of any claim and prosecute in the name of the Insured for their own benefit any claim for indemnity or damages or otherwise and shall have full discretion in the conduct of any proceedings and in the settlement of any claim. No admission, statement, offer, promise, payment or indemnity shall be made by the Insured without the written consent of Absa Insurance Company.

- (b) The Insured shall, at the expense of Absa Insurance Company, do and permit to be done all such things as may be necessary or reasonably required by Absa Insurance Company for the purpose of enforcing any rights to which Absa Insurance Company shall be, or would become, subrogated upon indemnification of the Insured, whether such things shall be required before or after such indemnification.
- (c) In respect of any section of this policy under which indemnity is provided for liability to third parties, Absa Insurance Company may, upon the happening of any event, pay to the Insured the limit of indemnity provided in respect of such event or any lesser sum for which the claim or claims arising from such event have been agreed and Absa Insurance Company shall thereafter not be under further liability in respect of such event.

7 Fraud

If any claim under this policy is in any respect fraudulent or if any fraudulent means or devices are used by the Insured or anyone acting on behalf of the Insured or with the Insured's knowledge or consent to obtain any benefit under this policy, or if any event is occasioned by the wilful act or with the connivance of the Insured, the benefit afforded under this policy in respect of any such claim shall be forfeited and the policy cancelled forthwith.

8 Breach of condition

The conditions of this policy and sections thereof shall apply individually to each of the risks insured and any breach shall render voidable the section only in respect of the risk to which the breach applies.

9 No rights to other persons

Unless otherwise provided, nothing in this policy shall give any rights to any persons other than the Insured. Any extension providing indemnity to any person other than the Insured shall not give any rights of claim to such person, the intention being that the Insured shall claim on behalf of such person. The receipt of claim payments by the Insured shall in every case be a full discharge to Absa Insurance Company.

GENERAL PROVISIONS

Subject to the provisions of Section 55 of The Short-term Insurance Act No 53 of 1998 (as amended)

1 Claims preparation costs

This policy is extended to include costs and expenses incurred by the Insured in producing and certifying any particulars or details required by Absa Insurance Company in terms of the General Condition 5 (Claims) or to substantiate the amount of any claim, provided that the liability of Absa Insurance Company for such costs in respect of any one claim shall not exceed R20 000 or the amount stated in the schedule, whichever is the greater.

2 First amount payable

Except where specifically provided in this policy, the amount payable under this policy for each and every claim shall be reduced by the first amount payable stated on the Excess Addendum or Policy Schedule.

3 Members

Where the word "director" is used it is deemed to include "member" if the Insured is a close corporation.

4 Meaning of word

The schedules and any endorsements thereto and the policy wording shall be read together and any word or expression to which a specific meaning has been given in any part thereof shall bear such meaning wherever it may appear.

5 Premium payment

Premium is payable on or before the inception date or renewal date as the case may be.

Absa Insurance Company shall not be obliged to accept premium tendered to it after inception date or renewal date of the policy, but may do so at its sole discretion.

6 Schedule sums insured blank

If, in a schedule of this policy, the sum insured, limit of indemnity or compensation is:

- (i) left blank or has no monetary amount stipulated against it
- (ii) reflected as nil or not applicable or not covered or no indemnity extended

This means the defined event or circumstance shown in the schedule is not insured by the policy.

DEFINITIONS

Save where inconsistent with the context, the following words and phrases shall have the following meanings:

The Act	the Sectional Titles Act No 95 of 1986 as amended or substituted from time to time;
Body Corporate	the controlling body of the buildings described in the schedule;
The business	the business conducted by the Body Corporate and/or its trustees in exercising its powers referred to in Section 38 of the Act;
The scheme	the Sectional Titles Development Scheme constituted in respect of the buildings;
Section	a section as shown on the Sectional Plan bearing the number stated in the schedule;
Unit	a section with its undivided share in the common property apportioned to it in accordance with its participation quota;
Common property	that part of the property insured which does not form part of a section as described on the Sectional Plan referred to in the schedule;
Participation quota	in relation to a section or an owner means the participation quota as defined in the Act;
Owner	the owner of a unit;
The Insured	the Body Corporate and owners of all units within the scheme/legal entity named in the policy schedule;
Land	the land described in the schedule attached hereto upon which the buildings are erected;
The buildings	all buildings and improvements on the land owned by the Insured and forming part of the development scheme referred to in the schedule hereto and shall include all sections;
The schedule	the computer printout as amended from time to time providing certain details regarding and a summary of the insurance cover provided under this policy;
The/This Policy	the agreement of insurance concluded between the Insured and Absa Insurance Company consisting of this policy wording, Excess Addendum, any proposal and declaration made and executed by the Insured, the schedule and all endorsements;
The Property	the buildings, common property, boundary walls, fences and all other items in respect of which insurance cover is provided under this policy.

SECTION A – PROPERTY

Defined Events

Loss or damage to the property caused by or resulting directly from any of the following insured events:

- 1 Fire, explosion, lightning and thunderbolt;
- 2 Storm, wind, water, hail or snow, flood but excluding a rise in the underground water table or pressure caused thereby;
- 3 Earthquake, excluding earthquake or earth tremor arising from any mining operations unless specifically stated on the Schedule to be insured;
- 4 Aircraft and other aerial devices or articles dropped therefrom;
- 5 Bursting, leaking or overflowing of geysers, pipes, domestic appliances, cisterns, baths or fixed water tanks, sprinkler, drencher system or fire extinguishing installation/appliance and other apparatus forming part of the buildings;
- 6 Escape of water or oil from a defective water or oil-fired heating installation forming part of the buildings;
- 7 Impact by any road vehicle, animals, falling trees (excluding intentionally felled trees) or collapse of TV or radio aerials, satellite dishes, masts or lightning conductors;
- 8 Theft or any attempted theft accompanied by actual visible forcible and violent breaking into or out of the building;
- 9 Accidental damage to or breakage of glass or sanitary ware such as fixed glass in windows, doors, fanlights, skylights, greenhouses, conservatories, and verandas, fixed wash basins, pedestals, sinks, lavatory pans, splash-backs and cisterns excluding denting, chipping, scratching or cracking not affecting the operation of the item.

Specific exclusions to Section A- Property

This section does not cover loss or damage to the property caused by or resulting directly from any of the following:

- 1 Subsidence or landslide unless specifically stated to be covered
- 2 Wear and tear or gradual deterioration
- 3 Insured's failure to take all reasonable precautions for the maintenance and safety of the property insured and for the minimisation of any destruction or damage.
- 4 Mildew, damp, rust and corrosion.

Specific Condition

Average

If on the commencement of the occurrence of an insured event, the value of the property insured is collectively greater than the sum insured thereon, the Insured shall be considered his own insurer for the difference and shall bear a rateable proportion of the loss. Every item, if more than one, shall be separately subject to this condition. The Conditions of Average Clause incorporated within the policy applies to the individual units (excluding the owner's interest in the land) and not to the property as a whole.

Extensions and Clauses to Section A – Property

Subsidence and landslip (if stated to be included)

Damage caused by subsidence and landslip provided that the Insured shall bear the portion of each and every claim stated on the Excess Addendum or Policy Schedule.

This extension does not cover:

- (a) damage to drains, watercourses, boundary walls, gardens walls, retaining walls, gates posts and fences unless specifically insured
- (b) damage caused or aggravated by or attributable to:
 - (i) faulty design or construction of or the removal or weakening of support to any building insured by this section
 - (ii) workmen engaged in making structural alterations, additions or repairs to any building insured by this section
 - (iii) excavations on or under land other than excavations in the course of mining operations
- (c) consequential loss of any kind whatsoever other than loss of rent as insured below

In any action, suit or other proceedings where Absa Insurance Company alleges that loss or damage is not covered by this additional peril, the burden of proving the contrary shall rest on the Insured.

Malicious damage extension

Subject otherwise to the terms, conditions, exclusions, exceptions and warranties contained herein, this policy is extended to cover loss or damage directly occasioned by, or through or in consequence of, the deliberate or wilful or wanton act committed by any person with the intention of causing such loss or damage other than loss or damage to

- 1 movable property, which is
 - a) stolen
 - b) damaged in an attempt to remove it or part of it from any premises owned or occupied by the insured
- 2 movable or immovable property which is damaged by thieves while breaking into or out of or attempting to break into or out of any premises owned or occupied by the insured.
- 3 immovable property owned or occupied by the insured occasioned by or through or in consequence of:
 - a) the removal or partial removal or any attempt thereof
 - b) the demolition or partial demolition or any attempt thereof of the said immovable property or any part thereof with the intention of stealing any part thereof.

Provided that this extension does not cover

- a) loss or damage related to or caused by fire or explosion
- b) consequential or indirect loss or damage of any kind or description whatsoever other than loss of rent if specifically insured
- c) loss or damage resulting from total or partial cessation of work or the retarding or interruption or cessation of any process or operation
- d) loss or damage occasioned by permanent or temporary dispossession resulting from confiscation, commandeering or requisition by any lawfully constituted authority
- e) loss or damage related to or caused by any occurrence referred to in General exception 1 a) (i),(ii),(iii),(iv), (v) or (iv) of this policy or the act of any lawfully established authority in controlling, preventing, suppressing or in any other way dealing with any such occurrences.

If Absa Insurance Company alleges that, by reason of proviso (a), (b), (c), (d) or (e), loss or damage is not covered by this policy, the burden of proving the contrary shall rest on the insured.

If any building insured or containing the insured property becomes unoccupied for 30 consecutive days the insurance in respect of this extension is suspended as regards the property affected, unless the insured, before the occurrence on any damage, obtains the written agreement of Absa Insurance Company to continue this extension.

During the period of the initial un-occupancy of 30 consecutive days the insured shall become a co-insurer with Absa Insurance Company and shall bear a proportion of any damage equal to 20% of the claim before deduction of any first amount payable.

Rent clause

- 1 The insurance provided for under this section, provides for loss of rent as a result of the property insured being damaged by any of the defined events section A, so as to render it untenable (including partially untenable) but only for the necessary period for reinstatement and for an amount not exceeding 20% of the sum insured on the affected building insured under Section A. The basis of calculation shall be the rent payable or receivable immediately before the damage.
- 2 Absa Insurance Company will also provide for the reasonable costs of obtaining alternative accommodation following the insured property being rendered untenable for an amount not exceeding 20% of the sum insured on the affected building insured under Section A.

Prevention of access-rent extension

If property within a 10km radius of the insured property is lost or damaged by any defined event during the period of insurance and this prevents or hinders the use or access to the insured property, Absa Insurance Company will pay any loss of rent the insured may incur as a result thereof up to an amount not exceeding 20% of the sum insured on the affected property

Guards' extension

Absa Insurance Company undertakes to indemnify the Insured for the costs reasonably incurred in employing guards to minimise further loss or damage, following an insured event which gives rise to a claim payable under this policy, provided that the indemnity shall not exceed R10 000 for each and every loss.

Damage to gardens and greens extension

This extension provides cover for damage to gardens and greens up to R10 000 as a result of any sudden and unforeseen accident or misfortune.

Escalator clause

During each period of insurance, the sums insured in respect of buildings shall be increased by that portion of the specified percentage in the schedule which the number of days since commencement of such period bears to the whole of such period. Unless agreed otherwise, these provisions shall only apply to the sum(s) insured in force at the commencement of the period of insurance.

At each renewal date, the Insured shall notify Absa Insurance Company of the sum(s) to be insured for the forthcoming insurance period and the percentage increase required for such period. In default thereof, the provisions of this clause shall cease to apply.

The additional premium for this extension shall be 50% of the premium that applies to the escalation amount.

Accidental damage clause

Accidental physical loss of or damage to the property insured by any cause not excluded or not otherwise specifically insured by any section of this policy provided that the company's liability shall not exceed R100 000 of the amount as stated in the schedule in respect of any one event, whichever is the greater. The Insured shall bear the first amount payable of each and every loss as stated on the Excess Addendum or Policy Schedule. Absa Insurance Company shall not be liable for

- 1 any event excluded or circumstances precluded from any other section of this policy at inception hereof, or for any excess payable by the Insured under any section of this policy, or for any reduction of amount payable under any claim due to the application of average;
- 2 more than the individual value of any item forming part of a pair, set or collection without regard to any special value such item may have as part of such pair, set or collection;
- 3 detention, confiscation, attachment, destruction or requisition by any lawfully constituted authority or other judicial process;
- 4 loss of or damage to property insured caused by:
 - a) any fraudulent scheme, trick, device or false pretence practiced on the insured (or any person having custody of the property insured) or fraud or dishonesty of any principal or agent of the insured;
 - b) overheating, implosion, cracking, fracturing, weld failure, nipple leakage or other failure. This is applicable only to vessels, pipes, tubes or similar apparatus;
 - c) breakdown, electrical, and/or mechanical derangement;
 - d) altering, bleaching, cleaning, dyeing, manufacture, repair, restoring, servicing, renovating, testing or any other work thereon;
 - e) fault or defect in its design, formula, specification, drawing plan, materials, workmanship or professional advise, normal maintenance, gradual deterioration, depreciation, corrosion, rust, oxidation or other chemical action or reaction, frost, change in temperature, expansion or humidity, fermentation or germination, dampness, dryness, wet or dry rot, shrinkage, evaporation, loss of weight, contamination, pollution, change in colour, flavour, texture or finish or its own wear and tear;
 - f) denting, chipping, scratching or cracking not affecting the operation of the item;
 - g) domestic pets, termites, moths, insects, vermin, inherent vice, fumes, flaws, latent defect, fluctuations, in atmospheric or climatic conditions, the action of light;
- 5 settlement or bedding down, ground heave, collapse or cracking of structures or the removal or weakening of support to any property insured;
- 6
 - i) leakage of gas from the receptacle in which it is contained;
 - ii) failure of and/or the deliberate withholding and/or lack of supplies of water, steam, gas, electricity, fuel or refrigerant;

Architects' and other professional fees clause

The insurance under this section includes professional fees (for estimates, plans, specifications, quantities, tenders and supervision) necessarily incurred in the reinstatement or replacement of the property insured following damage by a defined event, but in no case exceeding 15% of the amount payable in respect of such damage and provided that the total amount recoverable shall not exceed the sum insured on the property affected. The amount payable in respect of such fees shall not include expenses incurred in connection with the preparation of the Insured's claim.

Capital additions clause

The insurance provided under this section provides for alterations, additions and improvements [but not appreciation in value and in excess of the sum(s) insured] to the property for an amount not exceeding 15% of the sum insured in respect of property, it being understood that the insured undertakes to advise Absa Insurance Company each quarter of such alterations, additions and improvements, and to pay the appropriate additional premium thereon.

Cost of demolition, clearing and erection of hoardings clause

Absa Insurance Company will not pay for any costs or expenses

- 1 incurred in removing debris except from the site of such property destroyed or damaged and the area immediately adjacent to such site.
- 2 arising from pollution or contamination of property not insured by this policy or clause.

Fire extinguishing charges clause

Any costs incurred relating to the extinguishing or fighting of fire shall be deemed to be damage to the insured property and shall be payable in addition to any other payment for which Absa Insurance Company may be liable in terms of this section, provided the insured is legally liable for such costs and the insured property was in danger from the fire.

Mortgagee clause

From the date of notification, Absa Insurance Company accepts the interest of a mortgagee in the insured property and such interest shall not be prejudiced by any act or omission of the mortgagor without the mortgagee's knowledge provided that the mortgagee advises Absa Insurance Company as soon as such act or omission comes to his knowledge and shall be responsible for any additional premium payable resulting from increased risk exposure.

Municipal plans scrutiny fee clause

The insurance under this section includes municipal plans scrutiny fees, provided that the amount recoverable shall not exceed the sum insured on the property affected.

Public authorities' requirements clause

The insurance under this section includes additional costs of repairing or rebuilding the damaged property solely by reason of the necessity to comply with building or other regulations under or framed in pursuance of any act of parliament or ordinance of any provincial, municipal or other local authority, provided that

- 1 the amount recoverable under this section shall not include
 - a) the cost incurred in complying with any of the aforesaid regulations
 - i) in respect of damage occurring prior to the commencement of this policy
 - ii) in respect of damage not insured by this section
 - iii) under which notice has been served upon the Insured prior to the happening of the damage
 - iv) in respect of undamaged property or undamaged portions of property other than foundations (unless foundations are excluded) of that portion damaged
 - b) the additional cost that would have been required to make good the property damaged to a condition equal to its condition when new had the necessity to comply with any of the aforesaid regulations not arisen.
 - c) the amount of any rate, tax, duty, development or other charge or assessment arising from capital appreciation which may be payable in respect of the property or by the owner thereof by reason of compliance with any of the aforesaid regulations.
- 2 the work of repairing or rebuilding must be commenced and carried out with reasonable despatch and may be carried out wholly or partially upon another site (if the aforesaid regulations so necessitate) subject to the liability of Absa Insurance Company under this clause not being thereby increased.
- 3 if the liability of Absa Insurance Company under any item of this section apart from this clause shall be reduced by the application of any of the terms, exceptions and conditions of this section, then the liability of Absa Insurance Company under this clause in respect of any such item shall be reduced in like proportion.
- 4 the total amount recoverable under any item of this section shall not exceed the sum insured thereby.

Reinstatement value condition clause

In the event of the property being damaged, the basis upon which the amount payable is to be calculated shall be the cost of replacing or reinstating on the same site property of the same kind or type but not superior to nor more extensive than the insured property when new, provided that:

- 1 the work of replacement or reinstatement (which may be carried out upon another site and in any manner suitable to requirements of the Insured subject to the liability of Absa Insurance Company not being thereby increased) must be commenced and carried out with reasonable despatch, otherwise no payment, beyond the amount which would have been payable if these reinstatement value conditions had not been incorporated herein, shall be made.
- 2 until expenditure has been incurred by the Insured in replacing or reinstating the property, Absa Insurance Company shall not be liable for any payment in excess of the amount which would have been payable if these conditions had not been incorporated herein.
- 3 if, at time of replacement or reinstatement, the sum representing the cost which would have been incurred in replacement or reinstatement if the whole of the insured property had been damaged, exceeds the sum insured thereon at the commencement of any damage to such property by a defined event, then the Insured shall become their own insurer for the excess amount and shall bear a rateable proportion of the loss accordingly. Each item of this section, if more than one, to which these conditions apply shall be separately subject to this provision.
- 4 these conditions shall be without force or effect if
 - a) the insured fails to inform Absa Insurance Company within six months of the date of damage, or such further time as Absa Insurance Company may in writing allow, their intention to replace or reinstate the property,
 - b) the insured is unable or unwilling to replace or reinstate the property on the same or another site.

Tenants' clause

Absa Insurance Company's liability to the Insured shall not be affected by any act or omission on the part of an owner of a unit or tenant without the Insured's knowledge. The Insured shall however inform Absa Insurance Company as soon as such act or omission which is a contravention of any of the terms, exceptions or conditions of this section comes to their knowledge and will be responsible for any additional premium payable from the date increased hazard is assumed by Absa Insurance Company.

Public Supply Connections

This section is extended to cover accidental damage to water, sewerage, gas, electricity and telecommunications connections, the property of the Insured or for which they are legally responsible between the property insured and the public supply or mains.

Geyser and geyser maintenance clause

This extension provides cover for the bursting or leaking of a geyser up to a limit of R5000 per geyser for the repair or replacement of such geyser. Absa Insurance Company shall not be liable for:

- 1 for more than R1 500 for the cost of repair or replacement of defective elements, thermostats vacuum breakers or valves
- 2 the first amount payable of each and every claim as stated on the Excess Addendum or Policy Schedule.

SECTION B – OFFICE CONTENTS

Subsection 1: Contents

Defined events

Loss of or damage to the contents of the insured building not exceeding R50 000 or the amount stated in the schedule, whichever is the greater, following:

- 1 Fire, lightning, thunderbolt, explosion, subterranean fire
- 2 Storm, wind, water, hail or snow but excluding loss or damage arising from any contents undergoing any process necessarily involving the use or application of water
- 3 earthquake but excluding loss of or damage to property in the underground workings of any mine
- 4 Impact by aircraft and other aerial devices or articles dropped there from
- 5 Impact by animals, trees, aerials, satellite dishes or vehicles excluding damage to such animals, trees, aerials, satellite dishes or vehicles or property in or on such vehicles
- 6 Accidental breakage of mirrors, plate glass tops to furniture or fixed glass forming part of any article of furniture.
- 7 theft accompanied by forcible and violent entry into or exit from the insured building.

Average

If on the commencement of the occurrence of an insured event the value of the contents is collectively greater than the sum insured thereon the Insured shall be considered his own insurer for the difference and shall bear a rateable proportion of the loss.

Specific exception to Subsection 1

This Subsection does not cover loss of or damage to documents

Subsection 2 – Documents

Loss of or damage to documents normally kept at the insured premises by any event not specifically excluded.

Definition

The term document shall mean films, tapes addressograph plates, books, records, maps, plans, drawings, abstracts, deeds, wills, mortgages, agreements, manuscripts, letters, certificates and similar written printed or otherwise inscribed papers owned by the Insured or for which he is responsible excluding money, coupons, cheques and money orders.

Specific exception to Subsection 2

This Subsection does not cover loss or damage caused by

- (a) electrical, electronic or magnetic injury disturbance or erasure of electronic or magnetic recordings except by lightning in which case the indemnifiable amount shall be reduced by the greater of 10% of such a loss amount or R500 .
- (b) gradual deterioration, wear and tear.
- (c) vermin or inherent defect or by copying, processing or other work upon the document
- (d) dishonesty of any trustee or employee whether acting alone or in collusion with others.

Subsection 3 – Legal liability for Documents

Legal liability as a direct consequence of loss of or damage to documents as defined in Subsection 2 and in respect of which payment, reinstatement, repair or liability has been admitted under Subsection 2.

Specific exception to Subsection 3

This subsection does not cover liability assumed under any contract, undertaking or agreement unless such liability would have attached to the Insured notwithstanding such, contract, undertaking or agreement

First amount payable

The Insured shall be responsible for the first amount payable of each and every claim as stated on the Excess Addendum or Policy Schedule.

SECTION C – PUBLIC LIABILITY

Defined events

Damages which the Insured shall become legally liable to pay consequent upon accidental death of or bodily injury to or illness of any person or accidental loss of or physical damage to tangible property occurring during the period of insurance and within or about the property insured and arising from the Insured's ownership thereof.

Limit of Indemnity

The amount payable inclusive of any legal costs recoverable from the Insured by a claimant or any number of claimants, and all other costs and expenses incurred with Absa Insurance Company's consent for any one event or series of events with one original cause or source, shall not exceed R5 000 000.

Specific exceptions

Absa Insurance Company will not indemnify the Insured under this section in respect of

- 1 injury or damage sustained by
 - a) any trustee or member of the same household as the Insured
 - b) any person employed by the Insured under a contract of service or apprentice and arising directly from and in the course of such employment by the Insured;
- 2 damage to property
 - (i) belonging to the insured
 - (ii) in the custody or control of the Insured
- 3 liability assumed by agreement, unless liability would have attached to the Insured notwithstanding such agreement.
- 4 fines, penalties, punitive, exemplary or vindictive damages.

Extensions

Additional Insured

Absa Insurance Company will also, as though a separate policy has been issued to each, indemnify

- a) in the event of the death of the insured, any personal representative of the Insured in respect of liability incurred by the insured.
- b) any trustee, partner, director, member or employee of the insured (if the insured so requests) against any claim for which the insured is entitled to indemnity under this insurance.

For the purposes of this extension, Absa Insurance Company waives all rights of subrogation or action which they may have or acquire against any of the above, and each party to whom the indemnity hereunder applies shall observe, fulfil and be subject to the terms, exceptions and conditions (both general and specific) of this insurance in so far as they can apply.

Car parks

Notwithstanding the provisions of specific exception 2(a)(ii), Absa Insurance Company will indemnify the Insured in respect of liability arising from loss of or damage to third party vehicles occurring while parked in parking facilities provided by the Insured.

Other insurance

If at the time, any event giving rise to a claim under this policy, and the Insured enjoys cover under another policy, this section shall not be drawn into contribution with such other insurance except in respect of any excess over and above the amount payable by such other insurance.

Security firms

Notwithstanding Specific exception 3, if the Insured has entered into a contract with a security firm to protect the Insured's property at the premises stated in the schedule, the Insured shall be legally liable for acts or omissions of the employees of the security firm in the course of their employment at the premises. This section shall include such legal liability to the extent that indemnity would have been granted under this section had the said employees been under a contract of service to the insured and not the insured and not the security firm, but not exceeding the limit of liability as stated in the schedule.

Should a claim arise and it is found that the security firm is entitled to indemnity under another insurance policy in respect of the same event, Absa Insurance Company shall not be liable to make any payment except in respect of any amount above the amount payable under such other policy.

Legal defence costs

If the Insured so request, the Absa Insurance Company will indemnify any employee, or trustee of the Insured against costs and expenses not exceeding R50 000 or the amount stated in the schedule incurred by or on behalf of such person with the consent of the Absa Insurance Company in the defence of any criminal action brought against such person in the source of his occupation with the Insured arising from an alleged contravention of the statutes as herein defined during the period of insurance, provided that:

- 1 in the case of an appeal, Absa Insurance Company shall not indemnify such person unless a senior counsel approved by Absa Insurance Company shall advise that such appeal should, in his opinion, succeed;

- 2 Absa Insurance Company shall not indemnify such person in respect of any fine or penalty imposed by any magistrate or judge or any loss consequent thereon
- 3 such person shall, as though he were the Insured, observe, fulfil and be subject to the terms, exceptions of this policy and this section thereof in so far as they can apply.

The Statutes

The Occupational Health and Safety Act No 85 of 1993 (as amended)

The Mines and Works Act No 27 of 1956 (as amended)

The Electricity Act No 40 of 1958 (as amended)

and/or any other Act or Ordinance pertaining to the supply of Electricity all as read in conjunction with the Criminal Procedure No 51 of 1977 (as amended)

Wrongful arrest and defamation

The defined events are extended to include damages

- (i) resulting from wrongful arrest (including assault in connection with such wrongful arrest)
- (ii) in respect of defamation

provided always that the limits of indemnity shall not exceed R50 000 or the amount stated in the Schedule whichever is the greater under each of (i) and (ii) and R100 000 or the amount stated in the Schedule whichever is the greater in any one period of insurance.

SECTION D – EMPLOYER’S LIABILITY

Defined events

Damages which the Insured shall become legally liable to pay consequent upon accidental death of or bodily injury to or illness of any person employed by the Insured under a contract of service during the course of employment within Republic of South Africa which results in a claim first being made against the insured in writing during the period of insurance.

Limit of liability

The amount payable inclusive of any legal costs recoverable from the Insured by a claimant or any number of claimants, and all other costs and expenses incurred with Absa Insurance Company’s consent for any one event or series of events with one original cause or source, shall not exceed R5 000 000.

Specific Exceptions

This section does not cover

- 1 liability assumed by the Insured under any contract, undertaking or agreement where such liability would not have attached to the insured in the absence of such contract, undertaking or agreement
- 2 liability for disease or impairment attributable to a gradually operating cause which does not arise from sudden and identifiable accident or event
- 3 fines, penalties, punitive, exemplary or vindictive damages

Specific Conditions

- 1 Any claim first made against the insured in writing, shall be treated as if it had first been made against the Insured on the same day that the Insured reported the event to Absa Insurance Company.
- 2 In the event of cancellation or non-renewal of this policy, any claim resulting from a reported event, first made in writing against the Insured within 12 months immediately following cancellation or non-renewal shall be treated as having been made against the Insured on the same day that the Insured reported the event.

SECTION E – TRUSTEE’S LIABILITY

Defined Events

Damages which the Insured shall become legally liable to pay consequent upon any wrongful act(s) of the trustee(s) of the Body Corporate.

For the purposes of this section a wrongful act shall mean:

"any actual or alleged breach of trust, breach of duty, neglect, error, misstatement, misleading statement, omission or other act wrongfully committed or attempted by a trustee which arises solely by reason of his or her acting in their capacity as trustee of the Body Corporate."

Limit of liability

The amount payable inclusive of any legal costs recoverable from the Insured by a claimant or any number of claimants, and all other costs and expenses incurred with Absa Insurance Company's consent for any one event or series of events with one original cause or source, shall not exceed R5 000 000 or the amount stated in the Schedule for any one period of insurance.

Specific Exceptions

Absa Insurance Company shall not indemnify the Insured in respect of:

- 1 any liability for the payment of VAT.
- 2 any remuneration or other monies for which the Body Corporate or Trustee(s) is/are legally entitled to.
- 3 any indemnity claimed or claimable in terms of any other insurance.
- 4 fines, penalties, punitive, exemplary, or vindictive damage.
- 6 the first amount payable of each and every claim as stated on the Excess Addendum or Policy Schedule.

SECTION F – MACHINERY BREAKDOWN

Defined Events

Unforeseen and sudden fortuitous physical damage to the insured machinery (or any part thereof) while on the premises of the Insured from any cause not specifically excluded Absa Insurance Company's liability shall not exceed R30 000 for gate motors and electronic access equipment or the amount stated in the schedule for all other specified machinery.

Specific exceptions:

Absa Insurance Company shall not be liable for:

- 1 the first amount payable of each and every claim as stated on the Excess Addendum or Policy Schedule;
- 2 loss or damage due to wear and tear or gradual deterioration including the gradual action of light or climatic atmospheric conditions.
- 3 loss or damage due to fire, direct lightning, explosion, extinguishing of a fire or subsequent demolition, aircraft or other aerial devices or articles dropped therefrom, theft or attempts thereat, collapse of building, windstorm, water, flood, inundation, earthquake, subsidence or similar catastrophes;
- 4 loss or damage for which a supplier, contractor or repairer is responsible either by law or under contract;
- 5 loss or damage resulting from the misapplication of the machinery or from experiment, overhauls or tests
- 6 consequential loss or liability of any kind or description.

Basis on indemnity:

1 Partial Loss

Where repairs can be effected to the damaged property, Absa Insurance Company will pay the expenses necessarily incurred to restore the damaged insured property to its former working position plus the cost of dismantling and re-erection incurred for the purpose of effecting the repairs.

2 Total Loss

In the event the insured machinery is not repairable, the amount payable shall be equal to the value of a similar new machinery subject to a limit of the amount stated in schedule, whichever is the greater. The insured item shall be regarded as totally damaged if the repair costs (as defined under partial loss) equal or exceed the value of the machinery before the insured event.

Sum insured and average

It is a requirement of this section that the sum insured is equal to the cost of replacement of the insured machinery by new property of the same kind and capacity including the cost of replacing such machinery. If the sum insured is less than the amount required to be insured, Absa Insurance Company shall pay only in such proportion as the sum insured bears to the amount required to be insured. Every item (if more than one) shall be separately subject to this condition.

Specific Conditions:

- 1 a) On the happening of any damage, the Insured shall in addition to complying with general condition 5 of this policy
 - i) take all reasonable steps to minimise the extend of such damage.
 - ii) preserve any damaged or defective parts for inspection by Absa Insurance Company.
 - b) On notification being given to Absa Insurance Company in terms of general condition 5 of this policy, the Insured may carry out the repairs or replacement of any minor damages with the consent of Absa Insurance Company.
 - c) Absa Insurance Company's liability shall cease immediately if the insured property is kept in operation after a claim, without being repaired to Absa Insurance Company's satisfaction, or if temporary repairs have been effected without Absa Insurance Company's consent.
- 2 The Insured shall, in addition to general condition 5 of this policy
 - a) take all reasonable steps to maintain the insured property in efficient working order and to ensure that no part of the insured property is habitually or intentionally overloaded.
 - b) fully observe the manufacturer's/ agent's instructions for the operation, inspection and maintenance of the insured property and fully observe government regulations, statutory regulations, municipal regulations and all other binding regulations in force concerning the operation and maintenance of the insured property.

SECTION G – ALL RISKS

Defined Events

Loss of or damage to specified property caused by any accident or misfortune not otherwise excluded. Absa Insurance Company's Liability shall not exceed R10 000 for garden equipment and tools, or the amount stated in the schedule for all other specified items.

Specific Exception

Absa Insurance Company shall not be liable for loss of or damage resulting from or caused by:

- 1 mechanical or electrical breakdown, failure, breakage or derangement unless caused by an accident or fortuity not otherwise excluded;
- 2 wear and tear, gradual deterioration, rust, moth, vermin, any process of cleaning, repairing or restoring or as a result of light, atmospheric or climatic conditions;
- 3 during the fitting, adjustment, repair or dismantling of any item of the property insured.
- 4 scratching, denting or chipping which does not affect the operation of the insured item.

Specific Conditions

1 Average

If the total value of the property insured which is not separately and individually specified, at the time of the happening of any loss or damage to such property, of greater value than the sum insured thereon, the insured shall become their own insurer for the difference and shall bear a rateable share of the amount of the loss or damage. Each item of the schedule covering such property shall be separately subject to this condition.

2 Replacement value condition

Basis of indemnity shall either be:

- a) the replacement of the property by similar property in a condition equal to, but not better nor more extensive than its condition when new; or
- b) the repair of the property to a condition substantially the same as, but not better than, its condition when new

provided that if, at the time of replacement or repair, the sum representing the cost which would have been incurred in replacement if the whole of the property had been lost, destroyed or damaged beyond repair exceeds the sum insured thereon at the commencement of the loss or damage, then the insured shall be considered as being their own insurer for the difference and shall bear a rateable proportion of the loss accordingly.

Specific extension

Increase in cost of working (if stated to be included)

This section extends to cover expenditure necessarily and reasonably incurred as a result of loss of or damage to property for which payment is made or liability is admitted under this section, for the purpose of maintaining the normal operation of the Body Corporate.

First Amount Payable

Absa Insurance Company shall not be liable for the first amount payable of each and every claim as stated on the Excess Addendum or Policy Schedule.

SECTION H – MONEY

Defined events

Loss of or damage to money (as defined) provided that Absa Insurance Company's liability shall not exceed R20 000 or the amount stated in the schedule, whichever is the greater.

Definitions

- Money** shall mean cash, bank and currency notes, cheques, postal orders, current negotiable postage and revenue stamps or other instruments of negotiable nature, all the property of the insured and/or for which they are responsible as owners of the building, and not as tenants
- Receptacle** shall mean any safe, strong room, strong box, till, cash register, cash box or other receptacle for money.
- Clothing** shall mean clothing and personal effects not otherwise insured belonging to the insured or to any partner, director or employee of the insured.

First amount payable

The Insured shall be responsible for the first amount payable of each and every claim as stated on the Excess Addendum or Policy Schedule.

Extensions

In addition to any payment in respect of a defined event, Absa Insurance Company will indemnify the Insured in respect of:

- 1 Receptacles and clothing lost or damage as a result of theft of money or any attempt thereat, up to a limit of R1000 any one event.
- 2 Locks and keys to any receptacles up to a limit of R2000 any one event and subject to a first amount payable of R200.

Specific exceptions

Absa Insurance Company shall not be liable for loss of

- 1 money arising from shortage due to error or omission;
- 2 money arising from the use of keys to any safe or strong room unless the keys are obtained by violence or threat of violence;
- 3 money not contained in a locked safe or strong room while the portion of the premises containing the money is unattended;
- 4 money in any vehicle being used by the Insured unless a trustee or employee of the Insured is in the vehicle. This exception shall not only apply following an accident involving such vehicle rendering the said person incapacitated;
- 5 money arising from the dishonesty of any persons in the employ of the Insured not discovered within 14 working days of the occurrence thereof.
- 6 cheques which are not crossed and not marked "not transferable"

SECTION I – FIDELITY GUARANTEE

Defined events

- 1 Loss of money and/or other property, belonging to the Insured or for which they are responsible, stolen by a trustee or employee during the currency of this section.
- 2 Direct financial loss sustained by the insured as a result of fraud or dishonesty of a trustee or employee all of which occurs during the currency of this section which results in dishonest personal financial gain for the trustee or employee involved.

Provided that

- i) all losses are discovered not later than 12 months of the termination of
 - a) this section, or
 - b) this section in respect of any trustee or employee concerned in a loss, or
 - c) the employment of the trustee or employee or the last of the trustees or employee concerned in a loss, whichever occurs first
- ii) the liability of Absa Insurance Company shall not exceed the limit as stated in the schedule
- iii) renewal or the section from period to period, or any extension of any period of insurance shall not have the effect of accumulating or increasing the liability of Absa Insurance Company.
- iv) the term "dishonest personal financial gain" shall not include gain by a trustee or employee in the form of salary, salary increases, fees, commissions, bonuses and promotions.

Limits of indemnity

Absa Insurance Company shall not be liable for an amount exceeding R50 000 or the limit stated in the schedule, whichever is the greater for losses arising from all occurrences of a series consequent upon or attributable to one source or original cause.

Specific exceptions

Absa Insurance Company shall not be liable

- 1 for the first amount payable
- 2 any consequential losses of any kind following losses referred to under defined events
- 3 loss resulting from or contributed to by fraud or dishonesty of any trustee or any employee from the time the insured shall become aware that such trustee or employee has committed any fraud or dishonesty.
- 4 all losses which occurred more than 12 months prior to discovery

Specific condition

The Insured shall institute and maintain all such systems of check and control, accounting and clerical procedures and methods of conducting his affairs, but the insured, may

- a) change the remuneration and conditions of service of any employee
- b) change the duties and positions of any trustee and employee

Extension and clauses

Accountants' clause

Absa Insurance Company shall allow any records of financial statements and books of account for the purposes of investigation or verifying any claim hereunder, certified by the Insured's auditors as *prima facie* evidence.

First amount payable

For each and every claim, the Insured shall be responsible for

- 1 2% of sum insured under this section, and
- 2 a further 10% of the net claim amount payable after deduction 2% of sum insured.

SECTION J – PERSONAL ACCIDENT

Defined events

Bodily injury or death caused by accidental, violent, external and visible means to any employee of the Insured.

Limits of Indemnity

Absa Insurance Company shall not be liable for an amount exceeding R50 000 per employee.

Specific exceptions

Absa Insurance Company shall not be liable to pay compensation for death, disability or medical expenses in respect of such person

- (i) by his suicide or intentional self injury
- (ii) caused solely by an existing physical defect or other infirmity of such person
- (iii) as a result of the influence of alcohol, drugs or narcotics upon such person unless administered by or prescribed by and taken in accordance with the instructions of a member of the medical profession.
- (iv) as a result of his participation in any riot or civil commotion.
- (v) while he is, or as a result of his, engaging in racing other than on foot, mountaineering, steeplechasing or hang-gliding.